

Shop@Anywhere

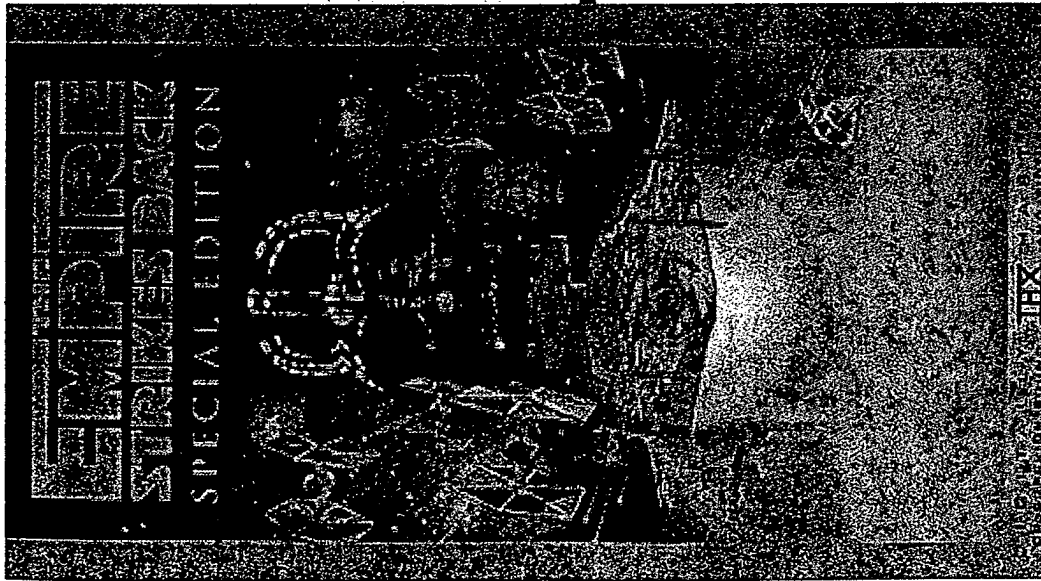
Episode 2: Online/Offline Integration

Code Name: Yoda

Advanced Planning Meeting

Vincent Tong

10/16/00



Feel the "Brick-&-Mortar" Force...
Online retail sales will reach only a
modest 7% of the total retail market
within the next 4 years
(Red Herring/Forrester Research 07/00)

BEST AVAILABLE COPY

BEST AVAILABLE COPY

What's the problem we are trying to solve?

- ⌘ Consumers will spend \$199 billion online in 2005, but they will spend more than 3 times that offline as a direct result of online research (Jupiter 06/00)
- ⌘ Consequently, consumers need the ability to find the best deals for an individual product from online merchants as well as from physical store nearby all-in-one-place
- ⌘ Neither AOL nor our key competitors are addressing this need

"32% of all online buyers look for online first, most convenient off-line physical store location"
- Jupiter

"73% of online browsers indicated that they researched products online and then purchased them at a physical store" - Jupiter

Goals

SHORT-TERM (Shop@Anywhere Bullet – 6 months)

- ⌘ Make shopping easier and more convenient by helping consumers to locate nearby physical stores of “click-&-mortar” Shop@ merchant partners
- ⌘ Highlight local offerings from “click-&-mortar” merchant partners (e.g. physical store presence, local store return/pick-up for online sales)
- ⌘ Earn consumers’ trust, as they release their zipcode/address to us
- ⌘ Generate additional pages views
- ⌘ Drive local ad impressions via Digital City

LONG-TERM

- ⌘ Provide a true multi-channel (both online and offline) merchant comparison environment with store-level product pricing and availability from “click-&-mortar”, “brick-&-mortar” only, and “pure-play e-tailer”

Project Metrics

- ⌘ Deploy store locator feature and highlight local store offering for 100% of “click-&-mortar” Shop@ merchant partners in 100% of Shop@ channels, after 3 months
- ⌘ 15% of store locator users will “store” their zipcode/address for repeat usage, after 3 months
- ⌘ Generate additional 17M pages views in year 1
- ⌘ Drive \$1.3M local ad impressions via Digital City in year 1

Value Proposition

Consumers

- ⌘ Convenience! -- This will make the info needed for my purchase decision readily available (local store listings of merchants)
- ⌘ Quick access to local store content (e.g. nearby restaurants, driving direction) to satisfy my need for entertainment & instant gratification
- ⌘ In the long term, "I have a feeling that [AOL Shopping] is limiting my choices" "Let me know that I could buy a book at BN.com but I could also buy it from Harry's Tiny Bookstore on the corner" (Murmurs)
- ⌘ Bottom Line = AOL provides us with the best comparison shopping for online merchants and local stores — HIGH

Value Proposition

“Click-&-Mortar” Shop@ Merchant Partners (30% in headcount)

- ⌘ **Drive sales and foot traffic to local stores**
- ⌘ **Make the most impact in differentiating vs. pure-play e-tailers. Proximity (touch product, need ASAP, easy return, want ASAP) is the key edge of local merchants (Red Herring/Jupiter 07/00)**
- ⌘ **Effectively build trust for my online unit. Offline presence is the #1 factor in developing online merchant trust (Jupiter 8/99)**
- ⌘ **Multi-channel customers spend avg of 20-30% more than single channel customers (Jupiter 06/00)**
- ⌘ **Bottom Line = AOL helps us to leverage our physical assets to attract profitable customers to shop at our online and/or offline retail channels – HIGH**

The Store Locator

Proximity Search for local stores of "click-&-mortar"
 merchant partners in the Shop@ environment, including
 Merchant Comparison and other possible areas (e.g. A-Z
 Store Listing)

PLUS

User may store
 multiple target
 locations (link to
 UMP?)

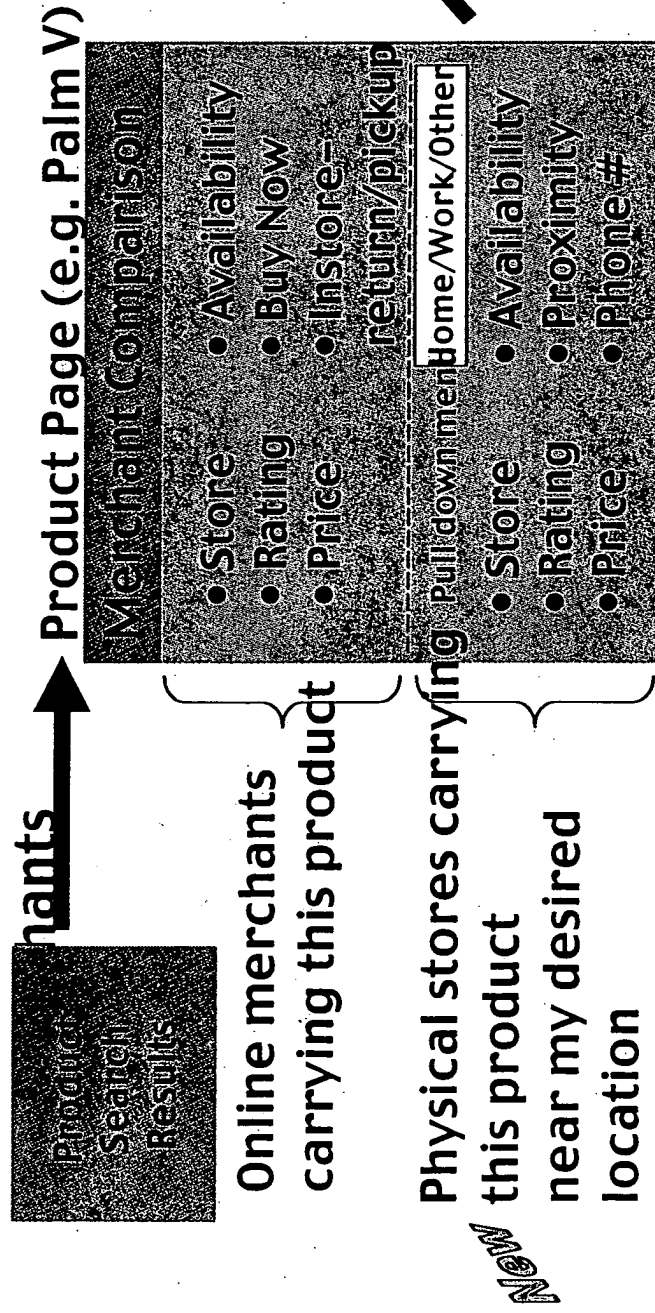
Local store
 return/pick-up
 policy for online
 sales

The screenshot displays the Shop@ Store Locator interface. At the top, there's a navigation bar with links like 'Home', 'About', 'Contact', 'FAQ', 'Privacy Policy', 'Terms of Service', 'Site Map', 'Feedback', 'Help', 'Log Out', and 'My Account'. Below this, a search bar is visible. The main content area shows a product listing for a DVD titled 'DVD Audio CD Peasable Formats, 500 Line Resolution, Single Optical Pick-up, 27-bit Audio DAC, Digital Coaxial, Digital Optical Audio Output'. The product is listed with a price of \$8.45 and is currently 'In Stock'. To the right of the product listing, there's a 'Store Detail Page' section with a list of retailers and their details. The retailers listed are Amazon.com, mobshop, Supreme, and 800.com. Each retailer has a star rating, a 'See at Store' button, and a 'Check Site' button. The 'Store Detail Page' also includes a 'Store Name' field, an 'Address' field, a 'Phone #' field, 'Open Hours', 'User Rating', 'Reviews (user / pro)', 'Map & Driving Direction', 'Sales/Coupon', and 'What's nearby...etc (Powered by Digital City)'. A large arrow points from the product listing to the 'Store Detail Page' section.

Product Page: Merchant Comparison
 (This mock-up is created solely to illustrate the idea. It's not the final)

The Long Term Vision (outside the scope of this bullet)

- ⌘ Provide a true multi-channel (both online and offline) merchant comparison environment with the latest store-level product pricing and availability info from “click-&-mortar”, “brick-&-mortar” only, and “pure-play e-tailer”



Store Detail Page

- Store Name
- Address
- Phone #
- Open Hours
- Reviews
- Driving Direction
- Sales/Coupon
- What's nearby, etc.
- (Powered by Digitality)

Cost and Benefit

Revenue & Traffic Impact

Generate \$1.3M in yr 1 & \$1.8M in yr 2 via local ad impressions

Generate additional \$1.7M page views in yr 1 & \$2.4M in yr 2

Open up new revenue opportunities via this localized platform

Did I mention Y! MSN and Amazon don't have it?

Retention

Consumers: HIGH

Click-&-Mortar Merchants: HIGH

Pure-play e-tailers: -ve

2-month Development Cycle (Est.)

Engineering 3.5 pm

Engineering - Digital City 1.5 pm


UI Designer 0.5 pm

QA 1 pm

Product Manager 1 pm

Ongoing CPE 0.25 person

Key Dependencies / Risks

- ⌘ **Depends on Digital City** to provide the proximity search and the localized content – *Mitigation: Set the right expectation with DCI on performance requirements, server load, their flexibility and responsiveness in updating store level content upon Shop@ merchant partner's request*
- ⌘ **Privacy concern** on allowing user to store zipcode/address – *Mitigation: The initial check with Kent Walker (legal) was positive. Will confirm with Kent once features are finalized*
- ⌘ **Negative reaction from “pure-play” e-tailer partners** – *Mitigation: Ask Account Management team for feedback*
- ⌘ **Different product assortment at Web channel vs. Physical**  **store channel for a merchant** – *Mitigation: create*

Open Issues

- ⌘ Can/should we deliver the “stored” user zipcode / address to UMP? – Need to check with Personalization Divlet
- ⌘ In addition to “Merchant Comparison” area (stand-alone and under Product Page), where else can “Store Locator” appear? (e.g. A-Z Store Listing, Dept Pages) – Initial feedback is possible for A-Z Store Listing, but no room for Dept Pages. Need to finalize with Kathleen May.
- ⌘ Do we need permission from merchant partner to deploy “Store Locator”? – Need to check with Acct Mgmt

What's Next?

- ⌘ **Core team assignment – this week**
- ⌘ **Further investigate open issues and risks**
- ⌘ **Project Kick-off Review & PRD – week of 10/30/00**

**This Page is Inserted by IFW Indexing and Scanning
Operations and is not part of the Official Record**

BEST AVAILABLE IMAGES

Defective images within this document are accurate representations of the original documents submitted by the applicant.

Defects in the images include but are not limited to the items checked:

- ☐ **BLACK BORDERS**
- ☐ **IMAGE CUT OFF AT TOP, BOTTOM OR SIDES**
- ☐ **FADED TEXT OR DRAWING**
- ☐ **BLURRED OR ILLEGIBLE TEXT OR DRAWING**
- ☐ **SKEWED/SLANTED IMAGES**
- ☐ **COLOR OR BLACK AND WHITE PHOTOGRAPHS**
- ☐ **GRAY SCALE DOCUMENTS**
- ☐ **LINES OR MARKS ON ORIGINAL DOCUMENT**
- ☐ **REFERENCE(S) OR EXHIBIT(S) SUBMITTED ARE POOR QUALITY**
- ☐ **OTHER:** _____

IMAGES ARE BEST AVAILABLE COPY.

As rescanning these documents will not correct the image problems checked, please do not report these problems to the IFW Image Problem Mailbox.